

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 02467 111500Z

45

ACTION TRSE-00

INFO OCT-01 ARA-16 ISO-00 EB-11 CIEP-02 OMB-01 FRB-02 L-03

XMB-07 OPIC-12 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01

/067 W

----- 045568

R 111450Z APR 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 2740

INFO AMCONSUL RIO DE JANIRO

AMCONSUL SAO PAULO

LIMITED OFFICIALUSE BRASILIA 2467

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJECT: REGULATION OF FOREIGN BANKS IN BRAZIL

REF: STATE A-1911

1. BRAZIL'S BASIS BANKING LEGISLATION (LAW 4595 OF DECEMBER 31, 1964, A TRANSLATION OF WHICH WAS TRANSMITTED WITH RIO A-838 OF JANUARY 27, 1965) GENERALLY PROVIDES EQUAL TREATMENT FOR FOREIGN AND

DOMESTIC BANKS. THE MOST SIGNIFICANT POINT ON WHICH THE LAW MAKES A DISTINCTION BETWEEN FOREIGN AND DOMESTIC BANKS IS ON THE METHOD OF AUTHORIZATION. DOMESTIC BANKING OPERATIONS CAN BE AUTHORIZED BY THE CENTRAL BANK OF BRAZIL WHILE FOREIGN BANKS CAN ONLY BE SET UP BY PRESIDENTIAL DECREE.

2. WHILE THE LEGISLATION GRANTS EQUAL TREATMENT, UNWRITTEN REGULATIONS AND ADMINISTRATIVE PROCEDURES PLACE ANUMBER OF RESTRICTIONS ON THE ENTRY OF FOREIGN BANKS INTO BRAZIL, AND LIMIT THE COMPEITIVE STRENGTH OF THOSE ALREADY OPERATING IN THE COUNTRY. THESE RESTRICTIONS AND LIMITATIONS ARE AS FOLLOWS:

A. FOREIGN BANKS CANNOT ACQUIRE EQUITY PARTICIPATION IN BRAZILIAN COMMERCIAL BANKS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 02467 111500Z

B. NEW FOREIGN COMMERCIALBANKS ARE NOT PERMITTED TO SET UP

BRANCHES IN BRAZIL, BUT REPRESENTATIVE OFFICES MAY BE ESTABLISHED.

C. FOREIGN BANKS CAN ONLY ACQUIRE UP TO 30 PERCENT (ONE SOURCE PUT THE FIGURE AT 33 PERCENT) EQUITY PARTICIPATION IN BRAZILIAN INVESTMENT BANKS.

D. THE FEDERAL GOVERNMENT AND GOVERNMENT ENTERPRISES ONLY RARELY DEPOSIT THEIR FUNDS WITH FOREIGN BANKS.

E. FOREIGN BANKS CANNOT COLLECT FEDERAL TAXES. THEY CAN ONLY COLLECT STATE AND MUNICIPAL TAXES.

CRIMMINS

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK LAW, FOREIGN INVESTMENTS, COMMERCIAL BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BRASIL02467  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740084-0283  
**From:** BRASILIA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740449/aaaabsna.tel  
**Line Count:** 70  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE A-1911  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 SEP 2002 by boyleja>; APPROVED <11-Sep-2002 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REGULATION OF FOREIGN BANKS IN BRAZIL  
**TAGS:** EFIN, BR, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005